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**EL DORADO HILLS COMPANY SETTLES FRAUD CASE ARISING OUT OF
EMPLOYEE'S WHISTLE-BLOWER CLAIMS AND CRIMINAL INVESTIGATION**

SACRAMENTO - United States Attorney McGregor W. Scott announced today that defendants Aerometals, Inc., and its owners, Guy Icenogle and Rex Kamphefner, (collectively referred to as "Aerometals defendants") have agreed to settle claims that they defrauded the United States Air Force and the United States Army by submitting false claims for payment under contracts with those agencies. Aerometals will pay \$251,200 to the United States to resolve the government's claims.

According to Department of Justice Trial Attorney Art Coulter and Assistant United States Attorney Catherine Cerna, who handled the civil case, the investigation arose in part out of a whistle-blower complaint filed by Paul Meeks, a former employee of Aerometals. The agreement also settles civil claims against the Aerometals defendants arising out of an investigation conducted by the Air Force Office of Special Investigations, the Army Criminal Investigation Division, and the Defense Criminal Investigative Service.

The whistle-blower complaint alleged that Aerometals refurbished Rudder Feel Mechanisms that it had purchased as scrap metal and sold them as new parts under its contract with the Air Force. Rudder Feel Mechanisms are flight control devices, in this case, designed to be used in Air Force KC-135 ariel tankers.

The agreement also settles claims that the Aerometals defendants provided reverse engineered and surplus parts under a contract for new parts to be used on Army MD500 Little Bird helicopters.

The False Claims Act was enacted in 1863 at the request of President Lincoln, who believed that dishonest contractors were defrauding the Union Army during the Civil War. Under this Act, the United States can recover damages up to three times the amount lost due to the fraud, as well as penalties for each false or fraudulent claim submitted to the government. The Act provides that a person with knowledge of fraud against the government can file a complaint under seal on behalf of the government, as a "whistle blower," and then share in the government's recovery. The complaint is not served on the defendant until the government investigates and makes a determination on whether to take over the case.

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